

Message Text

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PAGE 01 KINSHA 09260 271504Z
ACTION AF-10

INFO OCT-01 ISO-00 EB-08 L-03 H-01 INR-07 /030 W
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R 271200Z SEP 77
FM AMEMBASSY KINSHASA
TO SECSTATE WASHDC 5977
INFO AMCONSUL LUBUMBASHI

C O N F I D E N T I A L KINSHASA 9260

STADIS////////////////////////////////

FOR AF/C

E.O. 11652: GDS
TAGS: EFIN EGEN CG
SUBJECT: STATUS OF PROPOSED EXIM LOAN TO GECAMINES AND PROSPECTIVE
SNEL COST OVERRUN APPLICATION TO EXIM

REF: A) KINSHASA 5421, B) STATE 135069, C) LUBUMBASHI 0474,
D) KINSHASA 7028, E) STATE 201400

1. SUMMARY: EMBASSY REQUESTS CLARIFICATION AS TO STATUS OF
PROPOSED EXIM LOAN TO GECAMINES. OUR HIGHEST PRIORITY THOUGH
IS EARLY AGREEMENT ON NEW SNEL COST OVERRUN APPLICATION TO
EXIM. REQUEST THAT AF/C CONTACT EXIM FOR CLARIFICATION RE
PROPOSED GECAMINES LOAN AND TO STRESS IMPORTANCE WE ATTACH TO
NEW SNEL LOAN. END SUMMARY.

2. REF A REPORTED THAT GECAMINES HAD ABANDONED ITS OPPOSITION
TO SPECIAL PAYMENTS FACILITY AND WISHED TO IMPLEMENT PROPOSED
\$20 MILLION LOAN FROM EXIM. REF B REPORTED THAT EXIM WAS
PLEASED TO LEARN OF GECAMINES' ACCEPTANCE OF LOAN TERMS AND
PROPOSED MEETING IN WASHINGTON BETWEEN GECAMINES AND EXIM
OFFICIALS. REF C REPORTED TRAVEL PLANS OF GECAMINES OFFICIAL
FOR PURPOSES OF IMPLEMENTING LOAN.

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3. REF D REPORTED TELEX FROM CATERPILLAR FINANCIAL DIVISION
IN GENEVA TO CATERPILLAR'S REP IN SHABA STATING THAT EXIM HAD
DECIDED THAT MONEY CANNOT PRESENTLY BE DISBURSED FROM EXIM
LOAN 6305 BECAUSE ZAIRE IS IN DEFAULT ON OTHER EXIM LOANS.
WE ASSUMED THIS TELEX REFERRED TO EXIM'S REFUSAL TO DISPERSE
UNDER ITS LOAN TO SNEL AS, TO OUR KNOWLEDGE, THAT IS SOLE EXIM

LOAN TO ZAIRIAN ENTITIES FOR WHICH DISBURSEMENTS HAVE NOT BEEN COMPLETED.

4. CONSULATE LUBUMBASHI REPORTS THAT DURING WEEK OF SEPT 12 GECAMINES TREASURER ROCHER RETURNED FROM WASHINGTON TRIP AND HOLIDAY AND INFORMED CONSUL OF UNSUCCESSFUL MEETING WITH EXIM. ROCHER WAS DISAPPOINTED AT MEETING WITH EXIM AND APPARENTLY SURPRISED THAT EXIM HAD DECIDED TO RECONSIDER ISSUE. WE HAVE NOT RECEIVED REPORT FROM EXIM RE MEETINGS BETWEEN ROCHER AND EXIM OFFICIALS AND WOULD APPRECIATE IF DEPT WOULD QUERY EXIM AS TO POSITION TAKEN BY EXIM AT THAT MEETING.

5. WE WOULD LIKE TO SEE IMPLEMENTATION ASAP OF PROPOSED EXIM \$20 MILLION LOAN TO GECAMINES. THIS PROPOSED LOAN HAS NOW BEEN OUTSTANDING FOR APPROXIMATELY TWO YEARS. HOWEVER, WE BELIEVE FIRST PRIORITY WITH REGARD TO EXIM SHOULD BE IMPLEMENTATION OF ADDITIONAL COST OVERRUN LOAN TO SNEL SO AS TO COMPLETE INGA-SHABA TRANSMISSION LINE. BUREC AND CIS OFFICIALS TELL US EXIM HAS ALREADY RECEIVED PRELIMINARY LOAN APPLICATION AND THAT FORMAL APPLICATION SHOULD BE MADE BY SNEL TO EXIM IN NEAR FUTURE.

6. DAVE MORT, BUREC, SAID THAT PRELIMINARY FOREIGN EXCHANGE COSTS OF LOAN ARE \$68 MILLION. HOWEVER, HE EMPHASIZED THAT THIS SUM IS PRELIMINARY AND THAT DETERMINATION HAS NOT YET BEEN MADE AS TO AMOUNT OF FOREIGN EXCHANGE COSTS SNEL WILL SEEK TO HAVE EXIM CONFIDENTIAL

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FINANCE.

7. MORT STATED THAT HE HAD DISCUSSED PRELIMINARY LOAN APPLICATION WITH LENTZ AND THAT LENTZ HAD REQUESTED THAT TO EXTENT POSSIBLE SNEL SEEK TO OBTAIN FOREIGN FINANCING FROM OTHERS, SUCH AS ITALIANS, AND THAT BUREC ATTEMPT TO MINIMIZE ADDITIONAL FOREIGN EXCHANGE COSTS FOR COMPLETION OF TRANSMISSION LINE.

8. WE CONSIDER THAT COMPLETION OF INGA-SHABA TRANSMISSION LINE IS OF UTMOST IMPORTANCE TO ZAIRIAN ECONOMY AND CONTINUED GOOD US/ZAIRIAN RELATIONS. AS REPORTED BY LUBUMBASHI, POWER FROM TRANSMISSION LINE WILL BE REQUIRED FOR FULL IMPLEMENTATION OF GECAMINES EXPANSION, FOR WHICH CONVERTER NOW SCHEDULED FOR COMPLETION IN 1978.

9. WE ARE AWARE THAT EXIM CONDITIONS PRECEDENT FOR APPROVAL OF SNEL COST OVERRUN APPLICATION ARE (A) REVERSION TO ORIGINAL SPECIAL PAYMENT FACILITY (REF E) AND (B) THAT GOZ BE CURRENT IN ALL LOAN PAYMENTS. WE HOPE TO OBTAIN LETTER REQUESTED REF E SHORTLY AFTER BOFOSSA RETURNS TO KINSHASA. WE INTEND TO MAKE STRONG PITCH RE GOZ ARREARAGES TO EXIM BUT BELIEVE THAT BEST STRATEGY WOULD BE TO MAKE SUCH PITCH AFTER AGREEMENT WITH

PRIVATE BANKS, ASSUMING THAT AGREEMENT IN PRINCIPLE IS CON-
CLUDED IN NEAR FUTURE.

10. REQUEST THAT AF/C OFFICERS MEET WITH LENTZ OR OTHER
APPROPRIATE EXIM OFFICIAL TO (A) DETERMINE STATUS EXIM LOAN
FOR GECAMINES AND (B) STRESS IMPORTANCE WHICH EMBASSY
ATTACHES TO EARLY AGREEMENT ON NEW SNEL COST OVERRUN
APPLICATION.
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